

May 12, 2010



Optex Systems Releases Fiscal 2010 Second Quarter Financial Results

RICHARDSON, Texas, May 12, 2010 (GLOBE NEWSWIRE) -- Optex Systems Holdings, Inc. (OTCBB:OPXS), a leading manufacturer of optical sighting systems and assemblies primarily for Department of Defense applications, reported operating results for the fiscal quarter ended March 28, 2010.

Revenue for the second quarter of fiscal 2010 was \$6.3 million as compared to revenue during the same period one year ago of \$6.7 million, representing a decrease of 6%. Revenue for the six months ended March 28, 2010 was \$12.2 million versus \$14.0 million for the corresponding period of fiscal 2009. The reduction in revenue was primarily attributable to decreased spending by the U.S government. During the three months ended March 28, 2010, the Company recorded a net loss of \$0.1 million, as compared to a net loss of \$0.3 million for the three months ended March 29, 2009, a reduction in loss of \$0.2 million or 66.7%. The decrease in net loss is primarily attributable to improved gross margins and reduced income taxes.

	Six months ended March 28, 2010	Six months ended March 29, 2009
Net Loss Applicable to Common Shareholders - GAAP	\$ (0.1)	\$ (0.3)
<i>Add:</i>		
Interest Expense	--	0.2
Preferred Stock Dividend	0.2	--
Federal Income Taxes (Benefit)	(0.1)	0.3
Depreciation & Amortization	0.6	1.1
EBITDA - Non GAAP	<u>\$ 0.6</u>	<u>\$ 1.3</u>

Our EBITDA declined by \$0.7 million in the six months ended March 28, 2010 as compared to the prior year performance for the same period. The EBITDA reduction for the period was primarily attributable to the lower sales revenue of \$1.7 million, lower product margins related to the mix of product lines shipped, and higher general and administrative spending. The Company continues to pursue cost efficiencies in its production and general and administrative areas.

Danny Schoening, COO of the Company, commented, "During the quarter ended March 28, 2010, we experienced reductions in forecasted sales volume due to an overall reduction in the number of solicitations issued by the government and the delay in awarding some existing solicitations. We expect to mitigate some of the decreased U.S. government requirements by increasing our efforts internationally. We may experience reductions in future sales as some of our federal contracts include expected awards that have not yet been determined. We are currently evaluating the impact of overall reduced defense

spending budgets on Optex Systems Holdings and after the 2011 Congressional budget is published in late May 2010, our major customers are expected to provide updated volume expectations for the coming year."

In June 2009, Optex received an additional \$3.4 million dollar award from General Dynamics Land Systems and in September 2009, the Company received an additional \$1.9 million award to provide product beginning with delivery starting in 2011 at the completion of our current production contract. The total orders recorded for all product lines in the six months ended March 28, 2010 was \$8.3 million of which \$5.5 million related to periscope business from several customers.

ABOUT OPTEX SYSTEMS

Optex, which was founded in 1987, is a Richardson, Texas -- based ISO 9001:2008 certified concern, which manufactures optical sighting systems and assemblies, primarily for Department of Defense (DOD) applications. Its products are installed on various types of U.S. military land vehicles, such as the Abrams and Bradley fighting vehicles, Light Armored and Armored Security Vehicles, and have been selected for installation on the Stryker family of vehicles. Optex also manufactures and delivers numerous periscope configurations, rifle and surveillance sights and night vision optical assemblies. Optex delivers its products both directly to the military services and to prime contractors. For additional information, please visit the Company's website at www.optexsys.com.

Safe Harbor Statement

This press release and other written reports and oral statements made from time to time by the Company may contain so-called "forward-looking statements," all of which are subject to risks and uncertainties. You can identify these forward-looking statements by their use of words such as "expects," "plans," "will," "estimates," "forecasts," "projects" and other words of similar meaning. You can identify them by the fact that they do not relate strictly to historical or current facts. These statements are likely to address the Company's growth strategy, financial results and product and development programs. You must carefully consider any such statement and should understand that many factors could cause actual results to differ from the Company's forward-looking statements. These factors include inaccurate assumptions and a broad variety of other risks and uncertainties, including some that are known and some that are not. No forward-looking statement can be guaranteed and actual future results may vary materially.

The Company does not assume the obligation to update any forward-looking statement. You should carefully evaluate such statements in light of factors described in the Company's filings with the SEC, especially on Forms 10-K, 10-Q and 8-K. In various filings the Company has identified important factors that could cause actual results to differ from expected or historic results. You should understand that it is not possible to predict or identify all such factors. Consequently, you should not consider any such list to be a complete list of all potential risks or uncertainties.

Contact:

ZA Consulting Inc.
Investor and Public Relations for Optex Systems

David Zazoff
212-505-5976
pressreleases@za-consulting.net